TO BUILD OIL PIPE LINE ACROSS MEXICO

Americans Obtain Concession, With Use of Federal Lands and Ports.

GARY AND GERARD THERE

Payments by U. S. Petroleum Companies Under Export Tax Are Returned.

By the Associated Press.

MEXICO CITY, Sept. 13.—Clay T. Yerby of Los Angeles has obtained a concession to construct an oil pipe line from Puerto Mexico, on the Gulf coast, to Salina Cruz, on the shore of the Pacific. The announcement was made here last night by J. P. Flynn, representative in Mexico city of Mr. Yerby. It was said the pipe line would follow the Tehuantepec Railroad, Mr. Yerby having the right to use Federal lands, terminals and port facilities.

Mr. Flynn announced that more than one pipe line would be laid, but that work on the first, a ten inch line, would begin at once and would be completed within twenty-six months. The concession will run eighteen years. Fifty per cent. of the capacity of all lines laid under the concession will be operated under Federal regulations governing common carriers, and the remainder will be subject to contract by the operating company.

The estimated cost of the work will be $10,000,000 gold, and it is pointed out that by means of the pipe line the time of transporting oil from the east to the west coast of Mexico will be cut down by eleven days and the distance covered will be 2,300 miles less than through the Panama Canal. Not only will the pipe line route provide cheaper fuel for industries in the Mexican-Pacific States, but Mexican oil will be placed within easy reach of Pacific and Far East fueling stations.

Several months ago it was said the United States Shipping Board had made a futile attempt to obtain a similar concession so that it might provide a supply of fuel oil for the Pacific fleet. Mr. Yerby and an associate, Hugh B. Evans, also of Los Angeles, are in New York city arranging for the construction of the pipe lines.

Elbert H. Gary, chairman of the board of directors of the United States Steel Corporation; James W. Gerard, former American Ambassador to Germany, and a party of friends were expected to arrive here to-day, travelling in two special cars. Their train was delayed twenty-four hours after it crossed the international frontier. Both Mr. Gary and Mr. Gerard are said to be especially invited to attend the celebration of the Mexican centennial.

Payments made by various oil companies in compliance with President Obregon's export tax decree of June 7 last were returned yesterday by the Government, in accordance with an agreement said to have been reached last week with the five American oil company heads who visited here. Such taxes as were paid were proportionately small as compared with the usual payments, as the larger companies had postponed their payments.

PENNSY TO IMPROVE ROADBED.

Large Sum Will Be Expended for Maintenance of Way in Fall.

Expenditures of the Pennsylvania Railroad System for maintenance of way and structures for the remainder of the year are expected to show substantial increases over the first half of 1921 in order to place the property in condition for the winter. The outgo for upkeep of way amounted to $40,001,916 in the first six months of the current year, against $53,819,359 for the corresponding period a year ago, or a decrease of almost 26 per cent.

New steel rails laid in 1920 totalled 107,258 tons compared with 106,044 in 1919, 175,012 in 1916 and 147,137 in 1914. In the foregoing comparison it should be noted that the price of rails and wages during and since the war have been about double those of pre-war years, so that the expenditures equal or exceed those of the pre-war period. Cross ties laid in 1920 totalled 5,295,537, against 5,057,247 in 1919, 6,042,481 in 1916 and 7,030,235 in 1914.

SEES CAR TRUSTS YIELD LESS.

Jerome J. Hanauer, Back From Europe, Is Optimistic.

Jerome J. Hanauer of Kuhn, Loeb & Co. said yesterday that in his opinion the market for car trust certificates held by the Railroad Administration, of which his firm has bought $7,500,000, would soon get below the 6 per cent. yield basis that this block commanded. Mr. Hanauer returned a few days ago after a ten weeks' stay in Europe. The advances in bond prices in this period were predicted by him before he left this country.

Mr. Hanauer said that bonds were in a strong position. The upward trend is due, he holds, in large measure to anticipated ease in world money markets and to the small amount of new financing thought to be needed in the remainder of this year. The rate of new financing during the next ten weeks, in the banker's opinion, is likely to be about the same as in the last ten weeks, with an increase in the absorptive power of the market.

REVENUES OUTFOOT EXPENSES.

Colorado and Southern Operating Income Is Increased.

The annual report of the Colorado and Southern Railway for 1920 shows net corporate income of $2,606,066 after taxes and fixed charges, equal after preferred dividends to $6.21 a share earned on the $31,000,000 common stock, as published in a preliminary statement. This compared with $1,783,946 net income after charges and taxes earned in 1919.

Gross operating revenues for 1920 showed an increase of $3,295,015, or 25.39 per cent. over the preceding year, while operating expenses advanced $2,062,328, or 19.25 per cent. The increase in operating income was 74.5 per cent. over 1919. The operating ratio for the year was 78.5 per cent., against 82.54 per cent. in 1919.

TORRINGTON'S PROFITS FALL.

Company Reports $2.31 a Share for Last Fiscal Year.

The Torrington Company reports for the year ended on June 30 profits, after charges and taxes, equivalent to $2.31 a share earned on its outstanding stock, in contrast to $17.61 a share earned in the preceding year.

Its net income was $662,519 in its last fiscal year, against $3,807,954 in the preceding year. Its total income amounted to $864,397 in the former, against $3,814,585 in the latter, and its profits, after expenses and interest, $487,581 in the year ended June 30, against $3,724,964 in the preceding corresponding period.

LAMONT TO START FOR MEXICO SOON

Wants Data on $240,000,000 Debt—Interest Payments Likely to Resume.

Thomas W. Lamont of the firm of J. P. Morgan & Co. will go to Mexico toward the close of this month to discuss the status of the outstanding external obligations of the Mexican Government, aggregating, with interest, approximately $240,000,000, according to announcement yesterday of the International Committee of Bankers on Mexico. It is difficult for the banker to arrange his affairs so as to go so promptly to Mexico city, but the prime importance of an early resumption of interest payments on external obligations of the Mexican Government is so manifest and the spirit of cooperation manifested by the Government of that country through the recent court decision and the oil decision is so great as to warrant an immediate acceptance of the invitation extended by Mexican Government officials some time ago.

Mr. Lamont will be accompanied by a secretary and statistical staff, and he has been instructed by the other sections of the international committee—British, French, Swiss, Dutch and Belgian—to represent their interests in the pending discussions in Mexico city. The Department of State is cognizant of the fact that the international committee's representative will soon visit Mexico, according to the official statement, from which it is inferred that events are moving swiftly toward recognition of the Mexican Government.

An invitation had also been extended to James Speyer of Speyer & Co., who is now in Europe and not scheduled to return before October. The firm of Speyer & Co. had solicited and received deposits of securities representing some of the external obligations of the Mexican Government, but Mr. Lamont will hold the proxies only of the members of the International Committee, so that the results of the trip are likely to take the form of suggestions and recommendations.

The report that an international banking pool plans a big loan to Mexico for the purpose of refunding the entire external debt was declared to be contrary to the fact. It was stated that the first hurdle will be the resumption of interest payments on outstanding debt. Reports of conferences in Washington were also denied.

The outstanding principal of the external obligations is close to $190,000,000 as expressed in dollars, or in sterling and francs figured at parity. Accumulated interest brings the aggregate up to close to $240,000,000. Most of this debt is held in Europe, with France the heaviest holder and with Germany a large holder so far as present information goes. Germany is not represented on the International Committee, which is really a protective affair, because the committee was formed during the war.

FOREIGN MARKETS.

LONDON, Sept. 13.—Trading was dull on the Stock Exchange to-day: Bar gold, 110s. 3d.; money, 2½ per cent.; discount rates, short bills, 3¾@4 per cent.; three months bills, 4 1-16 per cent.

PARIS, Sept. 13.—Prices were heavy on the Bourse to-day: 3 per cent rentes 56 francs 55 centimes; exchange on London 51 francs 70 centimes; 5 per cent loan 81 francs 5 centimes; the dollar 13 francs 79 centimes.

CROP MOVING WILL NOT STRAIN CREDIT

Fall of Prices Is Chief Reason for Drop Predicted by Reserve Board.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau,
Washington, D. C., Sept. 13.

Fall crop moving and marketing demands will cause no credit strain on the country's banking system, it was announced to-day in the monthly bulletin issued by the Reserve Board. The fall in prices of agricultural products is the chief reason for an estimated drop of $250,000,000 to $500,000,000 of the quantity of accommodation needed in the financing of the current crop movement. In that connection the Board said:

"A very much smaller amount of funds is to-day involved in speculative uses, on the other hand the amount of Government obligations retired from the banks also has been a favoring circumstance." The Board said the various elements, incident to lowered business activity, had combined to "reduce the credit strain."

"The statistics would seem to indicate that in so far as our agricultural credit requirements are dependent upon current output, there is little reason to anticipate that they will put any undue strain on banking accommodations."

The board said that even if there should be no decline in price of farm products, the fact that substantial reductions in the amounts of all the country's principal crops were occurring compared with conditions of a year ago, and that in many instances the output would fall below the five year average, would, in itself, point to a reduction in the gross amount of the credit strains.

Lack of loan expansion among the banks, the board said, means that local seasonal demands have been taken care of by liquidation of so-called frozen loans through sales of products held over from last year.

Various factors have worked in favor of early sale of products this year with the result that needs for funds is not so highly concentrated as in some former years. The tendency to move some of the grain crops rapidly and dispose of them is said to have facilitated continuous liquidation of loans in the grain growing sections and put banks in a stronger position to meet future demands.

D. AND R. G. APPEAL ALLOWED.

Committee's Counsel Advised of Court's Action on Sale Order.

Judge Lewis of the Federal District Court of Denver has allowed an appeal from the order confirming the sale of the Denver and Rio Grande Railroad to the Western Pacific interests, according to advices received here by Arthur M. Wickwire, counsel to the Denver and Rio Grande Stockholders' Protective Committee.

In addition to the foregoing appeal, the committee plans to press its suit in equity, which seeks to vacate or perpetually enjoin the judgment entered against the Denver and Rio Grande for $38,000,000. Suits against former directors of that road are understood to be in preparation.

PENNSYLVANIA OIL MARKET.

OIL CITY, Pa., Sept. 13.—Credit balances $2.25. Runs 48,106. Average 46,651. Shipments 78,169. Average 28,972.